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Held at the Palais des Nations, Geneva,
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President: Mr. POPESCU (Romania)

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* The summary record of the first part of the meeting appears as document DP/1990/SR.24.

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HIGH-LEVEL SEGMENT: POLICY REVIEW (agenda item 3) (continued)

1. Mr. KAMAL (Pakistan) said that, during the 1980s, many countries, particularly developing ones, had found it difficult to benefit from the economic growth of the industrialized countries and to promote the well-being of their citizens, and were currently faced with the problems of debt, inadequate net flows of financial resources, volatile interest and exchange rates, unfavourable terms of trade and trade imbalances, and a generally insecure economic environment. A concerted global effort was thus required to achieve sustainable and balanced economic growth throughout the world but, unfortunately, policies and actions continued to be at variance with those aims.

2. Despite those problems, UNDP's achievements in institution building and human capacity creation had been impressive. Economic assistance had been important for those accomplishments, but technical co-operation had been the sine qua non of their success. Nevertheless the UNDP programme of technical co-operation, as well as the capital assistance programme, would have to focus more sharply on building self-sustaining and self-reliant economies in the developing countries, if the third world was to share more fully in the fruits of prosperity. His delegation was therefore encouraged by the emphasis in the Administrator's report on enhancing self-reliance, improving cost effectiveness, and providing a more sensitive response to developing countries' needs.

3. Technology had been recognized as the most important factor in the growth of economies. His delegation appreciated the role of UNDP as an intermediary for technology transfer; however, while assistance in the areas of agriculture, rural development and human resources was significant, there had been very little UNDP involvement in the industrial sector and other high-level technology projects. UNDP should strive to achieve a global balance between the various sectors, and to promote the transfer of modern, sophisticated technology to developing countries.

4. Information played a vital role in technology transfer. Developing countries embarking on programmes for technology and development needed information on alternative technologies, their sources and prices, new trends and the experience of other countries. Information systems could help a great deal in locating sources of technology, and UNDP should thus also help developing countries establish an adequate information infrastructure.

5. His delegation supported the measures recommended by the Human Development Report 1990 for increased spending in the social sector, equitable distribution of wealth, raising the level of women's education and focusing more sharply on the needs of the rural population. His Government had prepared a comprehensive programme and strategy aimed at achieving a just distribution of income, with fair wages and education for all; and had launched a People's Programme, which sought to provide the population with the basic amenities of life, particularly in the areas of health, education, drinking water supplies and communications, and which placed great emphasis on job training. A contribution from UNDP towards the success of that Programme would be very welcome.

6. His delegation was particularly pleased to note the growing emphasis on promoting self-reliance in developing countries through national capacity building, and considered that the number of projects directly executed by United Nations agencies should be reduced and balanced against available professional staff resources. In other areas, government execution of projects should be encouraged, but in such a way as to ensure that it did not limit access to the wealth of technical expertise and experience accumulated in the specialized agencies.

7. His delegation also recommended that the competence of a resident representative to approve projects should be increased from $US 700,000 to $US 1.5 million per project. The current procedures had a built-in mechanism of delays which frequently resulted in under-utilization of the funds earmarked for a particular cycle.

8. His delegation supported UNDP's programme in the area of women in development (DP/1990/26). UNDP, which had not so far provided Pakistan with any substantial assistance in that area, should initiate new projects pertaining to women, particularly in rural areas and youth employment, and should allocate more funds for the purpose. In addition to ensuring equal opportunity for women in the employment sector, his Government had set aside a percentage of all vacancies for women and had established the First Women's Development Bank, which would make a positive contribution to improving their economic condition. It was committed to securing legitimate rights for women, as guaranteed by Islam and reiterated in the Manifesto of the Pakistan People's Party.

9. His delegation appreciated the significant role played by the Special Unit for Technical Co-operation among Developing Countries (TCDC) in arranging intergovernmental TCDC exercises and in acting as a catalyst for technical co-operation among developing countries. The Council might usefully consider strengthening the Special Unit to enable it to play its co-ordinating and supportive role more effectively. His delegation favoured an increase in the allocation from Special Programme Resources for TCDC in the next cycle, and requested the international financial institutions and the developed countries to increase their financial assistance for the implementation of technical co-operation programmes among developing countries.

10. The United Nations Population Fund (UNFPA) had provided substantial assistance to many countries, including Pakistan. His delegation urged the developed countries to contribute more generously to UNFPA, so that it could provide still greater assistance to the developing countries in support of their population activities.

11. His delegation, which would speak at greater length on the fifth programming cycle under agenda item 5 (c), suggested that the level of country indicative planning figures (IPFs) for low-income countries with a per capita income of less than $US 375 should at least be maintained in real terms during the fifth cycle, with levels increased to ensure an adequate cushion against the expected rate of inflation. The success of any scheme for equitable distribution would not be assured unless the total resources available to the programme increased substantially. The major responsibility in that regard rested upon on those donor countries whose contributions had lagged behind in recent years. His delegation thus looked forward to substantially larger contributions from the major donors.

12. The commemoration of 40 years of multilateral technical co-operation for development brought together nations that, although free politically, were not yet free from want, hunger and disease. It provided an opportunity for the international community to pledge its commitment to progress and prosperity, and to proclaim a new partnership in development which would banish for ever the spectre of poverty, so that the peoples could live in self-respect, dignity and honour.

13. Mr. OLHAYE (Djibouti) said that, as the most important organ responsible for channelling multilateral grant assistance, UNDP should seek more efficient ways of meeting the needs of developing countries in the 1990s. In determining the appropriate rate of growth in the various resources for the fifth cycle, it should endeavour to ensure a progressive increase in central resources 6 to 8 per cent in real terms, representing 12 per cent in nominal terms. It should also consider an increase of over 60 per cent in the resources allocated to the least developed countries (LDCs). Similarly, a substantial increase in the special resources was essential to meet the ever-increasing demands of the developing countries. The Second United Nations Conference on the Least Developed Countries, to be held in Paris in September 1990, offered a real opportunity to focus attention on those countries, particularly at a time when the competition for resources had never been fiercer.

14. During the fifth programming cycle, the focus must be on country programmes, and the criteria for resource allocation to the IPFs need not be per capita GNP and population alone, which might not reflect the reality in every country. Criteria relating to life span and education also merited serious consideration. In that context, UNDP's Human Development Report 1990 marked a new attempt to measure human development, on the basis not of national wealth alone, but also of the life span, literacy and basic purchasing power of people. The new Human Development Index (HDI), might in due course challenge the World Bank's annual World Development Report, which ranked nations by their economic success only.

15. A number of delegations had expressed reservations about the method of calculating the per capita GNP figure. In the case of Djibouti, the methods employed failed to allow for the high incomes of the numerous expatriates residing in Djibouti, who transferred most of their earnings to their countries of origin. The result had been an overvalued per capita income figure which failed to reflect Djibouti's socio-economic situation, and had an adverse effect on its IPF allocation.

16. Despite the advances that were being made, Djibouti was still poor, and far from achieving many of its goals. Needless to say, the external economic environment had not helped. Since independence in 1977, the Government had focused its efforts on developing the country into a major international maritime centre, establishing port and airport infrastructures, and efficient and reliable communications and banking systems, and encouraging foreign investment, in response to the economic needs of the neighbouring countries, in view of the limited capacity of Djibouti's internal markets. Not more than 30 per cent of its productive capacity was currently operating, and the existence of a large population of refugees and displaced persons further aggravated its precarious economic situation. Many of its citizens, too, were in dire economic straits because of the recession affecting the region and the periodic floods and endemic drought.

17. New national and multilateral efforts were needed if Djibouti's acute problems were to be addressed. His delegation suggested that an inter-agency mission could contribute to a coherent approach towards understanding the country's serious predicament, and appealed to the Council to formulate a mechanism to respond adequately to its unique situation.

18. The main principles of the 1970 Consensus remained valid for the achievement of the objectives in question. Multilateralism, neutrality, universality, decentralization and grant assistance constituted an important comparative advantage for UNDP in the complex world of co-operation for development.

19. The twin issues of national execution and support costs formed the core of the Council's agenda. After four decades of technical co-operation it was appropriate that the traditional tripartite structure should come under closer scrutiny and that the relationship between UNDP and its executing agencies should be streamlined, given the vast amount of knowledge and experience accumulated over the period. Despite the obvious constraints, the national execution option must be fully explored and supported. Impetus must be given to sustained capacity-building, so that recipients would learn by doing.

20. His delegation hoped that the fifth programming cycle would embody elements of that new thinking. Whatever shape the final arrangement might take, however, it should in no way lessen or weaken the central funding and co-ordinating role of UNDP, of UNFPA, or of the six associated programmes that rendered vital and specific services through the UNDP network.

21. Mr. OULD MOCTAR NECHE (Mauritania) said that the commemoration of the fortieth anniversary of multilateral technical co-operation for development coincided with an improvement in the international political climate. The new climate of peace should stimulate the international community to devote more of its energies and resources to development and the creation of a social and economic environment in keeping with the aspirations of its peoples.

22. Unfortunately, the resumption of growth in the industrialized countries since 1982 had not resulted in an improvement in the situation of the developing countries, whose social and economic circumstances constituted, particularly in Africa, a most serious non-military threat to international peace, stability and security. The situation was exacerbated by profound structural imbalances, trade restrictions and protectionist measures, a deterioration in the terms of trade, an intolerable increase in the debt burden, negative capital flows, and the lack of firm political will to establish a fair and equitable international economic order. The mechanisms of international trade must be reviewed as a matter of urgency, so as to ensure a fair return to the producers of raw materials, if Africa was to be able to embark on self-sustained and self-reliant development.

23. The increased, catalytic and pivotal role played by UNDP in Africa and other developing regions called for a doubling of resources throughout the fifth programming cycle, in accordance with the commitments entered into by Governing Council decision 89/20 and General Assembly resolution 44/211.

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24. His delegation welcomed the efforts made by the international community to find solutions to the debt problem. The measures taken at the two recent Summits at Toronto and in Paris, and by a number of industrialized countries, were positive moves that deserved encouragement, as was action by the United Nations system which, however, could be effective only if international technical and economic co-operation was reshaped so as to focus on the interrelations between the various aspects of the world economy.

25. The lessons of the 1980s, which had been a lost decade for development, had to be learned. There must be a change of attitude towards the alleviation of poverty and the exploitation of human resources, and his delegation congratulated UNDP on the constant attention it devoted to that area.

26. His delegation had confidence in the capacity of multilateralism to find global solutions to the urgent problems of the times. It reaffirmed its support for the central, voluntary, neutral and effective role of UNDP. In order to secure the necessary flexibility at national level, the principle of decentralized programming must be maintained and strengthened. UNDP must create or improve national capacity for management and co-ordination of development programmes and for co-ordination of technical assistance and planning.

27. His delegation appealed to the international community to provide UNDP and the associated funds with increased resources in real terms, so as to enable them to carry out their mandates effectively. Increased government execution was one important way of facilitating the management of external assistance.

28. As the United Nations Programme of Action for African Economic Recovery and Development drew to its close, his delegation could not but note the slowness of its implementation. Needless to say, Africa must rely first and foremost on its own resources. For that reason it had striven to revitalize agricultural development, to make more rational use of its human resources, to improve management of the economy, and to strengthen co-operation within regional and subregional organizations.

29. Africa expected, however, that the international community would give evidence of its political will to adopt specific measures under the new UNDP programming cycle, in support of its own efforts. The difficult but rewarding task was to preserve the life of several million human beings, and to set them once again on the path to growth and development. The overriding concern in that quest for the well-being of nations must be to eliminate poverty, disease, ignorance, and the political instability and permanent insecurity they engendered.

30. Mr. AGUILAR (Guatemala) said there could be no doubt that the important decisions to be taken by the Governing Council at its current session regarding UNDP's activities in the 1990s would be influenced by recent events on the international scene. The reduction in international tension had led to important agreements between the major Powers, and to a renewed effort to bring about international peace and security. The developing countries, instead of debating what political system was most beneficial to them could devote themselves to paying their social debt, promoting respect for human rights, and seeking solutions for the major economic and social problems confronting them.

31. His Government considered that the presence of the United Nations in general and UNDP in particular was more than ever necessary to establish peace, promote sustainable development, and meet the needs of the developing world. For Latin America and the Caribbean, and for Central America in particular, the moment was a crucial one. After almost three decades of internal strife, per capita income had fallen to the levels of the 1960s. Absolute poverty had increased, as had the region's needs. Guatemala welcomed the increasing involvement of the United Nations in peace-keeping operations, such as the various initiatives in Central America resulting from the Esquipulas II Agreements. The Secretary-General of the United Nations had called on UNDP to assist him in those endeavours. Consequently, UNDP could participate actively in the so-called peace dividend.

32. UNDP had been actively promoting and attempting to realize the targets and objectives of the Special Plan of Economic Co-operation for Central America (DP/1990/85), a programme whose inclusion in the fifth programming cycle as a thematic priority had been formally requested. In order to fulfil its mandate, the Regional Bureau for Latin America and the Caribbean had re-established the Division for Central America. Guatemala hoped that the Division would be retained after the Special Plan had been successfully concluded. The Central American Governments considered it vital that UNDP should continue to provide financial resources during the fifth programming cycle equal to those allocated during the fourth cycle.

33. His delegation wished to express its concern at the actual situation and the proposed distribution of the financial resources during the fifth programming cycle, and found it difficult to accept the informal proposal made by the Swiss delegation. It was also concerned at the apparent attempt to create a conflict between Latin America and the Caribbean and other developing regions, particularly the least developed countries. No such conflict existed. Each developing country had its own specific needs. Guatemala declared its solidarity and support for the least developed countries in their efforts to obtain the funds necessary for their development. It had been acknowledged in a number of forums, including UNDP, that they should be accorded priority. His delegation therefore considered that the distribution made under Governing Council decision 85/16 continued to be valid.

34. His delegation supported the principles contained in the 1970 Consensus, which were still valid. A fundamental characteristic of UNDP was its multilateral character, and it must continue to be apolitical, universal, and to support the development efforts of the recipient countries. Management must be a matter for the Governments of the developing countries, in the light of the targets and objectives of their development plans. Technical co-operation for development must be geared towards giving Governments the capacity for self-management from the planning of development projects to the execution stage.

35. His delegation hoped that voluntary contributions to the Programme would be increased in view of the greater demands on its resources, particularly in support of the new and restored democracies. His region had achieved the greatest degree of democracy in its history but it was also suffering from the adverse global economic climate, from the high cost of servicing its external debt, and from capital flight, all of which had led to an alarming increase in extreme poverty.

36. UNDP was being given new tasks, in addition to its traditional ones. His delegation could not accept a change of the Programme's mandate to new areas, when its work in its traditional areas of concern remained incomplete. For example, UNDP had an important role to play in helping refugees, returnees and displaced persons.

37. UNDP must continue to promote national capacity by implementing a programme of human resource development. The Human Development Report 1990 rightly stressed the need to train personnel to participate in all stages of development so as ultimately to achieve total national execution. Provision must be made for a margin of continuity, with operational activities for development initiated by Governments on the basis of their national development plans.

38. Additional funds would also be needed to enable developing countries to achieve environmentally sustainable development. All nations, developed and developing, shared a single planet; and a continuing division of the planet into a rich world and a poor world could not be tolerated without jeopardizing international peace and security.

39. The developing countries also needed additional resources to combat AIDS, a threat to which they were particularly vulnerable because of their lack of scientific and technological capacity.

40. The work of UNDP was also strengthened by the active participation of non-governmental and grass-roots organizations. His Government was convinced that such collaboration was one of the best ways of involving the populace in a comprehensive process of development, having regard to countries' needs. In that regard, it was important to promote the legal and social status of women and their role in family, social and national welfare. The work being done by the United Nations Development Fund for Women (UNIFEM) in that area was outstanding.

41. Additional resources must also be devoted to the Management Development Programme (MDP). Several Central American countries had requested assistance in modernizing the management capacity of their public sectors, but it had not been forthcoming owing to a lack of funds.

42. His delegation attached great importance to the work of the United Nations Population Fund (UNFPA), the United Nations Revolving Fund for Natural Resources Exploration (UNFRNE), and the United Nations Fund for Science and Technology for Development (UNFSTD), whose current shortage of resources was to be deplored.

43. The Governing Council would have to take some important decisions regarding agency support costs. Great prudence was called for in that area, and his delegation was carefully studying the proposals of the Expert Group (DP/1990/9). The increase in the percentages of support costs was adversely affecting the interests of the developing countries, and jeopardizing the very nature of multilateral technical co-operation. UNDP and the specialized agencies must regard those countries' interests as paramount.

44. UNDP had a leading role to play within the United Nations system, in strengthening international peace and security, promoting and securing respect for human rights and fundamental freedoms, and solving the developing countries' economic and social problems. Guatemala reaffirmed its faith in multilateralism, and expressed the hope that the Governing Council would face the challenges of the decade leading up to the year 2000 in allocating resources for the fifth programming cycle.

45. Mr. PADERANGA (Philippines) said that his delegation favoured, at very least, maintaining programme activities in real terms from the fourth to the fifth cycle, which implied an annual increase in voluntary contributions of slightly more than 10 per cent during the fifth cycle, as indicated in the Administrator's report. It saw no reason to change the share of country IPFs from 81 per cent of the total, or to abandon the use of per capita GNP and population as basic criteria for IPF allocation. The share of countries with per capita GNP of $US 750 and below should be increased to 83 per cent, for the reasons cited by the Administrator in his report. It also supported the valuable roles played by UNDP and the executing agencies in the search for lasting solutions to the refugee problem.

46. On the question of government execution, his delegation supported the Administrator's proposal that all UNDP technical co-operation activities financed from country IPFs initiated on or after 1 January 1992 should be nationally executed. After four programming cycles, very little progress had been made towards using government execution as the normal modality in the delivery of UNDP-funded technical assistance, despite resolutions and decisions by the General Assembly and the Governing Council to promote and maximize its use. The Governing Council must move to identify remaining impediments to national execution and implement measures to remove them. Any decision on a successor arrangement to agency support costs must help to remove such impediments.

47. While his delegation had no difficulty with the proposed official definition of national execution, the distinction between "execution" and "implementation" should not dilute the ultimate objective of fully utilizing the national capacities of developing countries. The differentiation between technical assistance and capital assistance was not a cogent one either: technical assistance components of loans from multilateral sources were generally executed by Governments as was technical assistance from bilateral sources, except when provided in kind.

48. Assistance funded by UNICEF and UNFPA was generally executed by Governments or NGOs within the recipient countries, so that national execution was the normal modality in other parts of the system. The Administrator's proposal to make national execution the general rule by January 1992 thus simply applied the standard modality for delivery of development assistance to UNDP-funded technical assistance programmes and projects in the fifth cycle, and not before time. Given the chance, Governments could undertake national execution of UNDP projects.

49. Aggressive self-promotion by specialized agencies often persuaded government departments to let the agencies handle the operational and administrative details of project execution. It was to be hoped that, by 1992, agencies would be persuading Governments to take on responsibility for project execution.

50. The Director-General of UNIDO had conveyed the impression that only 1.85 per cent of UNDP-financed projects in the Philippines were under national execution. The 1.85 per cent figure in question referred to the amount of projects in the Philippines approved for national execution as a proportion of the total amount of projects in all recipient countries. Between 1985 and 1989, projects approved for national execution had represented about 35 per cent of the Philippines $25 million IPF for the current cycle and the annual budget of projects approved for national execution had grown from $1.3 million in 1988 to $4.2 million in 1990.

51. His delegation saw the role of the specialized agencies as becoming more active, albeit different in character. They would provide more technical rather than administrative services at the project level when Governments executed projects or would act as technical advisers in project formulation, monitoring and evaluation. At the programme level, they would provide technical inputs, as and when requested by Governments, in the formulation and evaluation of country programmes. His delegation also endorsed the Administrator's proposal that payment of add-on funds should be made in advance, pending implementation of a successor arrangement.

52. The question of agency support costs transcended the financial dimension of a relationship between United Nations funding agencies and the specialized agencies. A more basic issue underlying the successor arrangement related to the roles of the agencies in technical co-operation activities in the light of their mandated functions and their relationship with one another and with Governments as recipients of technical assistance.

53. Under the modality of national execution, the role of the specialized agencies would need to be redefined. With Governments directly responsible for the delivery and application of all inputs, both UNDP-funded and Government-funded, specialized agencies would have roles other than as executing agents if the partnership principle within the United Nations system was to be preserved. Whether, how, and to what extent specialized agencies would be compensated by UNDP for performing those roles was merely the financial dimension of the issue. The real issue was the role of the specialized agencies under a régime where national execution was the normal modality.

54. Their role in United Nations technical co-operation activities needed to be redefined in the context of the changing technical co-operation realities and needs mentioned in the report of the Expert Group (DP/1990/9). In particular, the successor arrangement must reflect the increasing capacity and willingness of recipient countries to manage and execute technical assistance projects, and the increasing capacity of local and international entities outside the United Nations system to provide technical assistance for development.

55. His delegation also agreed with the basic assumption underlying the recommendations contained in the report that Governments would increasingly take on the management and administrative functions conventionally carried out by the specialized agencies. Governments' willingness to take on those functions might decrease, however, if the successor arrangement was perceived by them as one which removed the incentive provided by the add-on funds for executing projects under the existing arrangement.

56. On the assumption that the specialized agencies would not finance their new role from their own budgets, his delegation accepted the idea that UNDP should finance the provision of technical services support by agencies at the programme and project levels, on condition that the resources for country IPFs under the existing arrangement would not be diminished, since they were the only external resources that developing countries could truly programme in accordance with their own development needs and priorities.

57. It could not support, therefore, any change in the existing agency support cost arrangement which would have the effect of reducing the country IPFs, even if the change might pave the way for removal of all remaining impediments to national execution. UNDP resources should be used primarily for financing the direct cost of technical assistance, rather than for enhancing the capacity of other United Nations agencies as partners in the delivery of technical assistance. National execution, agency support costs and the fifth programming cycle thus constituted an interrelated set of issues.

58. Mr. RAZALI (Malaysia) said that the Human Development Report 1990 showed that, during the period 1960-1987, life expectancy in the South had risen substantially; infant mortality had been halved, primary health care had been extended to cover 61 per cent of the population and the rise in food production had exceeded the increase in population by 20 per cent. Some developing countries had also increased their purchasing power through the growth of GNP.

59. The progress achieved by the advanced countries over the same period had been substantially greater however and the developed countries still had a competitive edge in the world markets; there were clear limitations to multilateral technical co-operation in an economically unequal world in which science and technology remained the monopoly of the North. In the meantime the debt-servicing requirements of the developing countries stood at about $US 200 billion annually; primary commodity prices were depressed; more than 1 billion people in the world lived in absolute poverty, 900 million were unable to read and write and 100 million were homeless. Multilateral technical co-operation must recognize those asymmetries if it were to make a suitable response to the changing pattern of the development needs of the developing countries.

60. While UNDP had an impressive record of achievement, it had to cope with the responsibilities and needs which lay ahead. One basic question was whether it could rouse the North to make the larger contributions commensurate with the requirements of the fifth programming cycle, taking into account the real growth rate of the Programme and the expanding needs of the developing countries.

61. The Human Development Report 1990 argued effectively that development was more than economic growth and that the human person must be the centre of all development. If that was so, suitable adjustments must be made in UNDP operations and greater resources must be made available. UNDP had begun a process of review and adjustment but it regrettably appeared that, at a time when important changes had to be made in the overall modality of development planning and execution, UNDP and certain agencies of the United Nations system were in conflict. It was to be hoped that the contradictions in question

would be quickly resolved, in which connection the Governing Council had two important tasks before it, namely, the question of successor arrangements for agency support costs and the formulation of the fifth programming cycle.

62. Ms. KORHONEN (Observer for Finland) said that, although the structural adjustment programmes of many developing countries underlined the responsibility of the countries concerned for their own development and the need for realistic national development policies, they also had an impact on the roles of the various funding and executing agencies. The roles and comparative advantages of different actors had to be further defined in view of the interlinkage of issues such as the means to tackle poverty alleviation, hunger, population growth, human resources development and environmental degradation.

63. The justification for technical assistance was to be found in human resource development and capacity-building. Whenever capacity was not adequate to determine priorities and to make realistic policy decisions, there was a need for specific policy guidance on how to give the highest priority to investment in human resources in the specific circumstances of the country concerned. On such matters UNDP clearly had a comparative advantage within the United Nations system.

64. In his opening statement, the Administrator had stressed the need to strengthen management and control by Governments of their own human and economic development and had offered the Governing Council the concept of national execution as the key to effective technical assistance. The criteria of sustainability and universality, accountability and programme approach were included in that concept. National execution was to be the modality that would define the respective roles of UNDP, the specialized agencies and the development financing institutions.

65. UNDP proposed to adopt three strategies to support the new approach, namely: increased cost effectiveness of technical assistance, enhanced national capacity-building and strengthened partnership with the specialized agencies based on their performance capacity.

66. Her Government considered that emphasis must be placed on poverty orientation and reaching the poorest of the poor in multilateral development co-operation but it was difficult to see how, by 1992, the structures and capacities of the Governments of the entire developing world could ensure the implementation of that key concept of reaching the poorest.

67. The idea of national execution as such was attractive because it was based on the principle of demand, namely, the assessment by the developing countries themselves of their needs and the priorities to be established as between those needs. The whole discussion on the role of the specialized agencies as the centres of excellence was based on the lack of such assessment capacity, or rather the lack of human resources at the national level to carry out that basic task effectively on a country-by-country basis.

68. If the new approach was followed in full and if Governments were to rely on the support of UNDP field offices for a switch to national execution within such a short time, a tremendous strain would be imposed on the field structure

of UNDP. UNDP itself would have difficulty in handling such a short timetable. In addition, many new rules and regulations, training programmes and manuals would require to be adjusted before they were tested in real life.

69. It was not clear how the new concept of national execution would in practice strengthen the partnership principle; the same, very pertinent, question had been raised in consultations in different bodies of the specialized agencies. Furthermore, the project concept had its own merits in many contexts, as the Administrator had admitted in his report on national execution. However, the new "unique" modality would replace, after a transitional period, all project co-operation. Too little consideration had been given so far to improving project co-operation whether under the modality of national execution or under the existing system. It was not clear to her delegation what the new approach would entail for UNDP country programmes and country programming exercises. In particular, she wondered whether the 1970 Consensus on UNDP's mandate would be affected and require reconsideration.

70. Her delegation nevertheless supported the package presented by the Administrator as a whole and could go along with a frame decision on national execution at the current session of the Governing Council provided it contained specific provisions for additional work to be done prior to the thirty-eighth session.

71. Against that background, her delegation took the view that the Council should take the decisions of principle concerning the fifth programming cycle and successor arrangements but that much more work was required to define the modalities and their implications. A realistic decision was also required on questions related to the funding strategy, the level of resources and burden-sharing. The Governing Council could not really expect to achieve the increase in funds desired by the Administrator; indeed UNDP would be lucky if it were not faced with diminished resources in real terms.

72. Mr. BARROSO (Portugal) said that a sense of dissatisfaction tended to permeate any discussion of technical co-operation and development assistance: donors were tired and disillusioned at the practical results achieved, while beneficiary countries were disappointed at the volume of assistance granted, at the way in which it was dispensed and, above all, by its real impact on their countries. There was accordingly a need for serious reflection on what line future action should take.

73. Adequate solutions to the debt problem must be found and indeed represented an essential prerequisite for successful development in the developing countries. It was generally recognized that stabilization and structural adjustment must be viewed in a medium- and long-term perspective. In fact, the long-term was conditioned by the short- and medium-term and those perspectives must be reconciled.

74. Developing countries were adopting structural adjustment measures in an increasingly realistic and pragmatic manner and, in some cases, with success. Such measures must, however, be compatible with a policy of sustained development. The social dimension of development must also be taken into account in the stabilization and adjustment effort and, in that connection, special attention should be paid to the needs of those groups which were most vulnerable to the sacrifices required by adjustment policies.

75. His delegation shared the view that there was a need for restructuring co-operation and development assistance policies and for special priority to be given to the development of human resources and to the strengthening of the national capacities of the beneficiary countries. It was also essential to strengthen the co-ordination of assistance, at the level not only of the international agencies but also of the donor countries, without overlooking the fact that the developing countries themselves must always be at the centre of the co-ordination effort.

76. Beneficiary countries themselves had a primary responsibility in the decision-making and implementation process. In that connection, he attached particular importance to the promotion of national capacities, which was the only way to obtain the best results from international assistance.

77. His Government considered it essential that priority be given to assisting the least developed countries, more than half of which were receiving aid equivalent to 20 per cent of their gross domestic product and where the population was often below the subsistence level. It was the hope of his delegation that significant results would flow from the forthcoming Second United Nations Conference on the Least Developed Countries. In that connection, his delegation wished to reiterate its view that efforts to assist the Eastern European countries must in no way prejudice assistance to the developing countries, especially the least developed ones.

78. Development assistance must above all take account of the value of the human person, who must not be a mere statistic. The human element was fundamental and must continue to be the overriding concern in decisions relating to co-operation and development assistance. There was no sense in preparing perfect macro-economic programmes while overlooking the micro-economic factors on which they were based and the ever-present social dimension. In that connection, his delegation welcomed the Human Development Report 1990 as a valuable contribution to that aspect. Changes were taking place in the world in the direction of greater freedom and democracy; they should be reflected in the area of co-operation and development.

79. Mr. ONDARZA (Observer for Mexico) said that the efforts being made to reduce finance for development showed that the serious nature of the crisis facing the developing world and the need for financial resources to cope with it had not been grasped.

80. The situation in the Latin American region had deteriorated to such an extent that per capita national income in 1989 had fallen below the 1977-1978 level. The crisis was reflected in the sharply reduced living standards of a substantial percentage of the population of the countries of the region; in the vertical falls in social and economic indicators; in the serious weakening of the external sector reflected in increasing difficulties in market access, in a vulnerable financial system, in the burden of external indebtedness and in galloping inflation.

81. In addition, technology was limited and funds for investment had diminished because of the net transfer of resources abroad. The development capacity of those countries had therefore been clearly eroded. The combination of those circumstances had had a negative impact on social welfare and had led to growing critical poverty in a significant proportion of the population.

82. Mexico had not been a stranger to those developments and was confronted by a deterioration in its living standards. The situation had been further aggravated by problems such as the increase in drug trafficking and in environmental degradation, for which substantial resources were required. Mexico also faced the prospect that the distribution of resources for the next cycle would in no way correspond to its urgent needs.

83. He wished to reiterate his Government's concern at proposals for a significant reduction in real terms of the resources allocated to many of the countries of its region. A reduction in the already scanty resources allocated to those countries would in fact marginalize the benefits of the Programme for them. Such proposals raised serious questions regarding the principles on which UNDP was based. It was essential to reaffirm and consolidate the 1970 Consensus and the universality of the Programme as the fundamental bases of its operations.

84. While his delegation continued to support the giving of priority to the least developed countries, the cost of developing the countries in greatest need should not be at the expense of other developing countries while the economically stronger Powers did not accept proportionate responsibility.

85. His Government was endeavouring to make the best possible use of available resources for financing development as well as for technical and scientific co-operation. Six priority areas had been designated for technical and scientific co-operation projects requiring seed money. New materials and telecommunications, micro-electronics and data processing were other priority areas. Six preparatory assistance projects were being financed from fourth cycle funds and each corresponded to the priorities which had been established. On the basis of such preparatory assistance, specific programmes of technical co-operation expected to have a multiplier effect had been developed, including a proposal for the diversification of sources of finance. His country's strategy for the use of UNDP's resources would be developed within that framework.

86. His Government also intended to strengthen national institutional capabilities with a view to expanding government execution of projects; its experience in that field had been satisfactory.

87. His delegation was convinced that the efforts of the region and the developing world in general to overcome the current crisis must be firmly supported. The floor for the allocation of resources in the forthcoming cycle must be retained in real terms and that would only be possible if the donor countries undertook to increase their contributions substantially so that the cost of developing the least developed countries would not be a charge on the medium-income developing countries. Universality must also remain the basic principle for the distribution of United Nations resources.

88. Mr. OBASI (World Meteorological Organization) said that, in recent years, meteorology, climatology and operational hydrology had been receiving greater attention. One reason for that had been the potential impact of global warming. Another had been the realization that, since over 70 per cent of natural disasters were meteorologically and hydrologically related, only through those sciences could the human sufferings and property damage resulting from natural disasters be effectively reduced.

89. There was a need to improve monitoring capabilities. Large parts of Africa, South America, South Asia and most areas of the oceans were completely devoid of meteorological data. WMO's technical co-operation programme had been designed to improve hydrometeorological services in the developing countries; examples of assistance included the provision of essential equipment, training technicians, enhanced satellite data receipt, setting up ozone monitoring stations, improving flood warnings and telecommunications. Each of those contributed to the enhancement of national meteorological capabilities in providing better services but also to overall global meteorological needs. To ignore meteorological and hydrological factors in development plans could have disastrous consequences as had been evidenced by the pollution of the atmosphere, forests, oceans and fresh water.

90. The major part of the funds supporting WMO technical co-operation efforts with developing countries were provided by UNDP. Such funds assisted developing countries to improve their hydrometeorological services and enabled them to provide better warnings of severe weather and floods, to improve aviation safety through better weather observation and forecasts and to enhanced meteorological forecasts for agriculture, thereby increasing food production. In 1988, WMO had delivered 100 UNDP projects valued at over $US 13 million; in 1989, delivery had been slightly over $US 15 million.

91. There was unanimous support for national execution. It was important, however, that there should be some form of evaluation of the capability and capacity of the recipient country to execute the programme or project being formulated. That was particularly necessary in connection with the implementation of technical and scientific programmes. The report of the Expert Group (DP/1990/9) provided for an option to continue the existing arrangements with some modifications. Carefully applied, that could provide the most cost-effective way of execution.

92. The currency exchange rate between the United States dollar and the Swiss franc had been a particular problem in connection with the reimbursement of support costs. Some 95 per cent of WMO technical co-operation costs were in Swiss francs; the amount allocated for those costs had been fixed at approximately $US 2 million for each of the last 10 years. In 1981, conversion of that amount to Swiss francs had provided SwF 4.1 million for WMO's technical co-operation budget; currently the conversion provided only SwF 2.8 million. Effectively, that represented a loss of income to WMO amounting to SwF 1.3 million in one year, or approximately 3 per cent of its regular budget. For a small agency like WMO, losses of such a magnitude were unacceptable and catastrophic. The existing rules should be modified so that the real value of UNDP reimbursements could be maintained at least at the 1981 level, the year when those rules had been approved by the Governing Council.

93. The highly specialized, technical and scientific nature of WMO technical co-operation programmes required close liaison with developing as well as developed countries. It was essential that equipment, techniques and training should meet agreed standards and WMO was intimately involved in those activities with member countries. The implementation of modern data-processing methods and standardized software required close involvement of the WMO secretariat in a co-ordinating role. Moreover, implementation of field projects called for considerable scientific and technical backstopping

from the WMO secretariat throughout the entire duration of a project and beyond. As new automated techniques were introduced, the involvement of WMO would increase.

94. WMO and indeed all the smaller technical agencies depended heavily on the "flexibility" arrangements provided under current rules. However, with global inflation averaging some 5 per cent annually over the previous 10 years, the upper limit of $US 15 million of delivery to qualify for flexibility had become unrealistic. He therefore hoped that that limit could be raised substantially, as the Expert Group had recommended. If not, the critical inputs of the smaller technical agencies to the development process would be further jeopardized.

95. Mr. BAAJIIHUU (Observer for Mongolia) said that the goal of the radical changes which were occurring in his country was the attainment of genuine democracy with the main emphasis placed on the social and human dimensions of development. Because of problems which had accumulated in the past, Mongolian society was facing serious contradictions and difficulties. The Government was accordingly developing new approaches to a number of problems, including the proclamation of an open economic policy and the adoption of a law on foreign investment. Foreign trade was being liberalized and the equity of all forms of property had been recognized. The country was moving gradually towards a regulated market economy and the Government had recently decided to apply for membership of international financial and monetary organizations.

96. His country was nevertheless facing serious difficulties in implementing those radical changes. Mongolia was a developing country with a rather backward economy. Per capita gross national product was $US 470 per annum. Life expectancy was 63 years and infant mortality was still high. In addition, Mongolia was a land-locked country with extremely severe climatic conditions. Agriculture, the main economic activity, was largely dependent on climatic conditions. The development of infrastructure and the exploration for and utilization of the country's rich mineral resources required huge investment, so that the economy was basically very capital intensive. Mongolia therefore had very substantial foreign debts.

97. His country was unable to cope with those problems on its own and international co-operation, in particular financial and technical assistance, was of particular importance. His Government thus much appreciated the technical assistance provided through UNDP. Projects financed by UNDP were implemented in close co-ordination with the national development plan and were directed towards the development and utilization of local raw materials. Those projects were making a substantial contribution to the country's efforts to introduce high technology and to develop an effective production capacity.

98. In the fifth programming cycle, the Government intended to devote the funds allocated by UNDP to priority areas such as the development of biotechnology, the utilization of mineral resources, environmental protection and the development of trade and tourism.

99. In conclusion, he expressed the hope that donors would increase their general support of UNDP and that, by revitalizing its partnership with other United Nations agencies and by being more efficient and cost effective, UNDP would be successful in meeting the challenges that lay ahead.

100. Mr. PENJO (Observer for Bhutan) said that the principal constraint on Bhutan's socio-economic development was the shortage of skilled and trained manpower and, since the inception of UNDP assistance to Bhutan in 1972, human resource development had been the main objective of the country programme. In the fourth programming cycle, the allocation for human resource development had absorbed approximately 35 per cent of IPF resources with a further 15 per cent committed to UNV programmes. Other significant projects had related to the improvement and expansion of infrastructure, the strengthening of the administration and the rational exploitation of natural resources.

101. His Government was currently implementing its sixth five-year plan, which had begun in 1987 to coincide with UNDP's fourth programming cycle. The objectives of the sixth plan were essentially a continuation of those of the fifth and emphasized self-reliance, human resource development, the participation of the people in the development process, rural development, improved efficiency of government administration and the development of transport and communications.

102. Bhutan, as a least developed country, attached the utmost importance to the forthcoming Second United Nations Conference on the Least Developed Countries. Notwithstanding the Substantial New Programme of Action for the Least Developed Countries for the 1980s, adopted in 1981, there had been a significant deterioration in the overall socio-economic situation in those countries. His delegation had been encouraged by the positive attitude that had prevailed at the recent meeting of the Preparatory Committee for the Conference, although substantive issues were yet to be resolved. He hoped that the international community would respond to the plight of those countries with firm commitments and practical action.

103. For many least developed countries, UNDP continued to be one of the major sources of development assistance and, in that context, the fifth programming cycle would be of crucial importance. His delegation hoped that the donor community would be able to increase its contributions to UNDP and, in that connection, he wished to pay special tribute to the Administrator for his efforts to double the resources for the fifth programming cycle. As for the distribution of resources, his delegation strongly believed that the needs of the LDCs deserved priority consideration and accordingly fully supported the proposal to increase the percentage of IPFs to LDCs.

104. His delegation recognized the usefulness of the funds under UNDP administration and hoped that the programmes financed by those funds would be further strengthened.

105. Mr. NATHON (Observer for Hungary) said that the recent change in his country's political system could be considered to have been completed with the democratic and free parliamentary elections and the establishment of a system of government institutions based on a pluralistic parliamentary democracy. For the first time in Hungary's post-war history, there was a real possibility of accomplishing a socio-economic renewal in keeping with the potential of the people and the country.

106. The recently announced programme of the new Government would focus economic policy on the creation of a social market economy based on private ownership and private enterprise in which the open market would be combined

with the protection and preservation of the human and natural environment. Hungary was seeking to build a flexible economic structure able to take its place in the mainstream of the world economy.

107. In the short term, priority was being given to arresting the growth of foreign indebtedness and to curbing inflation. Compliance with the country's international contractual obligations and enhanced performance by the export sector would enable Hungary to become an equal partner with the advanced democratic societies.

108. His delegation had noted with satisfaction that the developed countries were showing understanding of the new Hungarian Government's comprehensive programme for change and were ready to provide effective support. It was also aware of the concerns expressed by some developing countries that support for Hungary might drain the sources of assistance to them. He would like to dispel such fears.

109. It had to be stressed that Hungary was not receiving grants in aid but repayable loans designed primarily to facilitate the change of the economic structure to one which was market-oriented and to create favourable conditions for foreign capital. His Government had repeatedly pointed out that what Hungary needed in the first place was not billions of dollars in aid but support for the creation of conditions that would allow the establishment and operation of a market economy. Hungary did not seek developing status and did not wish to have access to the resources available to the developing countries.

110. Even in the midst of its transitorily grave economic difficulties, his Government considered it had a moral duty to provide assistance for the neediest of the developing countries in the spirit of the new international economic consensus. According to some estimates, the integration of Central and Eastern Europe into the world economy would result in an additional 10 per cent growth in world trade by the end of the millennium. That huge new market would not only create added opportunities for the exports of the developing countries but would also leave scope for a further diversification of their external economic relations. The economic recovery of Central and Eastern Europe would also be instrumental in enlarging the external resources available for them.

111. In the wake of the transformation of Central and Eastern Europe, international organizations, including UNDP, were devoting increased attention to that part of the continent. It was the view of his delegation, however, that a great deal remained to be done in those organizations to allow for some shift of emphasis and he urged them to consider the possibility of restoring some of the previous functions of the UNDP European Office, which would permit the full utilization of UNDP's potential in that continent.

112. Mr. HACHED (Observer, Organization of African Unity), having thanked UNDP for its assistance to the least developed countries and for its contribution to, and support for, the efforts of African Governments in many areas, said that there was an immense task to be faced in future programming cycles and his organization hoped that UNDP, notwithstanding the growing needs, would be able to provide assistance to Africa commensurate with the alarming situation in that continent.

113. In the Lagos Plan of Action adopted in 1980, the African countries had decided to create an African economic community by the year 2000. UNDP assistance was essential in support of the efforts of the Organization of African Unity to strengthen, promote and harmonize the co-ordination of the existing regional communities for economic integration. In that connection, technical assistance might, for example, be provided for the establishment and use of a permanent computerized system of macro-economic, micro-economic and social indicators; for the establishment of a system of computerized and integrated data banks for intercountry and subregional projects; and for the creation of intercountry or subregional economic simulation models to forecast the subregional impact of national policies, programmes and projects.

114. He hoped that UNDP's past assistance to OAU in improving its management techniques would be continued, so that the operational effectiveness of the Organization's services could be increased. UNDP might also co-operate with OAU on issues relating to human resource development such as fiscal policy and administration, demographic analysis and population policy, energy planning and management, and in prospecting for, exploiting and managing water and mineral resources.

The meeting rose at 9.05 p.m.